

**Internal Revenue Service  
Director, Exempt Organizations  
Rulings and Agreements**

**Department of the Treasury  
P.O. Box 2508 - Room 7008  
Cincinnati, Ohio 45201**

Number: 200905032  
Release Date: 1/30/2009

**EO**

**Date: November 5, 2008**

**Employer Identification Number:**

**Person to Contact - ID#:**

**Contact Telephone Numbers:**

Phone  
Fax

**UIL#: 4945.04-04**

**LEGEND**

A =  
B =  
C =  
x =

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated February 13, 2008.

Our records indicate that A was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

A engages in charitable activities by enhancing access to higher education.

The program will be conducted at C and the surrounding area. To be eligible the applicant must demonstrate the following:

- That they are Seniors at C
- Academic achievement
- Financial need
- Potential to succeed in the student's chosen educational field

An application is required along with any supporting documentation. Some of that supporting documentation is as follows:

- A copy of the applicants High School transcript
- An essay of not more than one page
  - o The topic of this essay could include the applicant's high school experience and / or college and career

goals. It could also include anything the applicant thinks will interest the committee.

- A letter of recommendation from a teacher
- A copy of the applicants parents 1040 (only page 1) and w-2 forms

The following people are ineligible to apply for this scholarship:

- Any Co-trustee of A, their spouse, child, grandchild, or great-grandchild
- Any Selection committee member of A, their spouse, child, grandchild, or great-grandchild

Once the applications are submitted the selection committee will review and rank the applications. This process will take place after March 15<sup>th</sup>. This list will be presented to the Trust department for final approval of funds. A expects to award up to 45 scholarships. It is anticipated that the amount of each award will be x. Once the final approval is made the recipients will be contacted providing detailed information pertaining to the award. The unsuccessful candidates will also be informed.

To ensure that the funds are used for the intended purpose the following procedures have been enacted:

- Only accredited public or private schools that are exempt under 501(c)(3) of the code are eligible
- The funds can be applied to tuition, fees, books, and supplies
- The award will be paid directly to the school upon receipt of a request for payment form that the student provides the school.
- Unused funds are returned to A
- In the event of a serious breach of conduct the selection committee can terminate the award.

The scholarship program is to be administered by B

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b) (1) (A) (ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c) (1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d) (3).

**This letter applies to the above mentioned activities conducted as of February 13, 2008 and is not effective for any scholarship activities conducted before February 13, 2008.**

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c) (2) (B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
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